

3. Forecast of Consolidated Financial Results for the Year Ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

Percentages indicate year-on-year changes

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter ending June 30, 2025 (cumulative)	27,100	18.6	2,160	11.9	2,170	11.4	1,390	4.9	22.94
Full fiscal year	59,000	24.2	4,720	31.9	4,740	33.7	3,090	31.2	50.99

(Note) Revision to the most recently released financial forecast: No

* Notes

(1) Significant Changes in the Scope of Consolidation During the first quarter Ended March 31, 2025: Yes

New: 1 company (Company name) TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY

Excluded: 0 company

(2) Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements: No

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

(1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(2) Changes in accounting policies due to other reasons: No

(3) Changes in accounting estimates: No

(4) Restatement of prior period financial statements: No

(4) Number of Issued Shares (Common Shares)

(1) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	60,600,000 shares	As of December 31, 2024	60,600,000 shares
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(2) Number of treasury shares at the end of the period

As of March 31, 2025	136,812 shares	As of December 31, 2024	136,912 shares
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(3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2025	60,463,162 shares	As of March 31, 2024	60,461,205 shares
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(Note) In regard to the number of treasury shares at the end of the period, the total number of Elan's share (135,917 shares at the year ended December 31, 2024, and 135,817 shares at the first quarter ended March 31, 2025) held by the Custody Bank of Japan, Ltd. (Trust E Account) as trust assets of the BBT and J-ESOP are included.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: No

* Explanation and other special notes related to the appropriate use of the performance forecast

(Note regarding forward-looking statements and other related matters)

Forecasts for business performance and other forward-looking statements in this document are based on the current information the Company has and the presupposition that they are rational, and that actual business performance may be significantly different.

(Method to acquire supplementary material on financial results)

Supplementary material on financial results will be available on TDnet and our website on May 2, 2025 (Friday).

○Index for Supplementary Material

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1. Qualitative Information Related to the First Quarterly Financial Results

(1) Explanation Related to Operating Results

The economy in Japan during the first quarter ended March 31, 2025 was on a gradual recovery trend because of normalization of economic activities, improvement of employment and income environment, and various government policies. However, the outlook of the economic conditions continues to be uncertain due to downside risks, such as the rise in material, energy, and commodity prices from the impact of unstable world affairs and exchange rates.

In the nursing and medical care industry in which the Group operates, with steady rise in the aging of the population as evidenced by such factors as the population aged 65 years and over of 36.20 million accounting for 29.3% of the total population as of April 1, 2025 (April 2025 Monthly Report of Population Estimates by the Statistics Bureau of the Ministry of Internal Affairs and Communications), the market size for services that concern the Group is likely to expand.

Under such circumstances, the Group engaged in sales to medical and nursing facilities (hospitals, nursing facilities for the elderly, and other such facilities) from its 29 branches and sales offices (including the head office) across Japan to increasingly spread and expand the “CS (Care Support) Set,” which are the core services in the Group’s nursing and medical care related business.

As a result, the Group had 57 facilities with which agreements were newly entered and 38 facilities with which agreements ended in the cumulative first quarter ended March 31, 2025, thereby increasing number of facilities that has introduced the CS Set by 19 facilities compared with the end of fiscal year 2024 and the total number of implemented facilities has reached to 2,589 facilities.

The above resulted in net sales for the cumulative first quarter ended March 31, 2025 of 13,433,555 thousand yen (up 16.9% year-on-year), operating profit of 1,187,799 thousand yen (up 12.1% year-on-year), ordinary profit of 1,180,371 thousand yen (up 10.8% year-on-year), and profit attributable to owners of parent of 800,016 thousand yen (up 10.1% year-on-year).

(2) Explanation Related to Financial Position

(Assets)

Total net assets at the end of consolidated first quarter ended March 31, 2025, increased by 841,568 thousand yen compared with the end of fiscal year 2024 to 22,447,535 thousand yen. Of this, current assets decreased by 653,993 thousand yen compared with the end of fiscal year 2024 to 16,218,804 thousand yen. This was attributable to cash and deposits decreasing by 1,627,893 thousand yen despite increases in trade accounts receivable and contract assets (up 624,396 thousand yen), and other accounts receivable (up 312,483 thousand yen) respectively.

On the other hand, non-current assets increased by 1,495,561 thousand yen compared with the end of the consolidated fiscal year 2024 to 6,228,730 thousand yen. This was mainly attributable to increases in tangible fixed assets (up 833,604 thousand yen) and goodwill (up 809,814 thousand yen) respectively.

(Liabilities)

Total net liabilities at the end of the consolidated first quarter ended March 31, 2025, increased by 790,805 thousand yen compared with the end of fiscal year 2024 to 9,894,921 thousand yen. This was mainly attributable to increases in other current liabilities by 190,041 thousand yen, short-term borrowing by 232,291 thousand yen, and long-term borrowings by 470,655 thousand yen despite of income taxes payable decreasing by 232,819 thousand yen.

(Net Assets)

Total net assets at the end of the consolidated first quarter ended March 31, 2025 increased by 50,763 thousand yen compared with the end of the consolidated fiscal year 2024 to 12,552,613 thousand yen.

This is mainly because of an increase in non-controlling interest for consolidation with TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY as well as increased retained earnings by recording net profit that is attributable to owners of parent, despite of decrease in foreign currency translation adjustment followed by increased value in yen and retained earnings regarding dividend payment to shareholders.

2. Explanation Related to Summary Information (Items of Note)

Not applicable.

3. Quarterly Consolidated Financial Statements and Significant Items of Note

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	6,849,398	5,221,505
Trade accounts receivable and contract assets	5,783,858	6,408,255
Securities	-	116,436
Merchandise	1,551,013	1,414,730
Supplies	741,594	754,079
Other accounts receivable	2,394,780	2,707,264
Others	222,423	342,860
Allowance for doubtful accounts	(670,269)	(746,326)
Total current assets	16,872,798	16,218,804
Non-current assets		
Tangible assets	575,797	1,409,402
Intangible assets		
Goodwill	813,938	1,623,753
Others	102,058	94,533
Total intangible assets	915,997	1,718,286
Investments and other assets		
Investment securities	2,558,748	2,381,317
Others	716,939	755,049
Allowance for doubtful accounts	(34,313)	(35,324)
Total investments and other assets	3,241,373	3,101,041
Total non-current assets	4,733,168	6,228,730
Total assets	21,605,967	22,447,535
Liabilities		
Current liabilities		
Trade accounts payable	7,222,724	7,308,036
Short-term borrowing	-	232,291
Income taxes payable	630,093	397,274
Provision for bonuses	-	36,687
Others	1,065,782	1,255,824
Total current liabilities	8,918,601	9,230,115
Non-current liabilities		
Long-term borrowing	76,617	547,273
Provision for share awards	38,830	42,212
Provision for share awards for directors and executives	60,116	62,141
Others	9,949	13,178
Total non-current liabilities	185,514	664,806
Total liabilities	9,104,116	9,894,921
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	11,530,900	11,543,130
Treasury shares	(191,477)	(191,337)
Total shareholders' equity	12,456,415	12,468,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(297)	(40,627)
Foreign currency translation adjustment	45,732	(56,028)
Total accumulated other comprehensive income	45,435	(96,656)
Non-controlling interest	-	180,485
Total net assets	12,501,850	12,552,613
Total liabilities and net assets	21,605,967	22,447,535

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Consolidated Statements of Income for the Cumulative First Quarter-End)

(Thousands of yen)

	First Quarter Ended March 31, 2024	First Quarter Ended March 31, 2025
Net sales	11,486,616	13,433,555
Cost of sales	8,665,865	10,439,713
Gross profit	2,820,751	2,993,842
Selling, general and administrative expenses	1,761,556	1,806,042
Operating profit	1,059,195	1,187,799
Non-operating income		
Interest income	33	3,286
Subsidy income	2,064	3,084
Late charges income	2,441	1,684
Consulting fee income	1,050	1,050
Gain from consumption tax exemption	4,027	—
Others	1,103	4,187
Total non-operating income	10,720	13,291
Non-operating expenses		
Interest expense	—	7,991
Loss on investments in investment partnerships	4,279	9,601
Net foreign exchange loss	—	3,127
Total non-operating expenses	4,279	20,720
Ordinary profit	1,065,636	1,180,371
Profit before income taxes	1,065,636	1,180,371
Current income taxes	339,682	379,065
Deferred income taxes	(856)	(5,071)
Total income taxes	338,826	373,994
Net profit	726,810	806,376
Net profit attributable to non-controlling interests	—	6,360
Net profit attributable to owners of parent	726,810	800,016

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated Statements of Income for the Cumulative First Quarter-End)

(Thousands of yen)

	First Quarter Ended March 31, 2024	First Quarter Ended March 31, 2025
Profit	726,810	806,376
Other comprehensive income		
Valuation difference on available-for-sale securities	33,036	(40,330)
Foreign currency translation adjustment	—	(107,565)
Total other comprehensive income	33,036	(147,896)
Comprehensive income	759,846	658,480
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	759,846	657,924
Comprehensive income attributable to non-controlling interests	—	556

(3) Items of Note Related to Quarterly Consolidated Financial Statements

(Items of Note Related to Prerequisite for Going Concern)

Not applicable.

(Items of Note in Case of Significant Changes to the Amount of Shareholders' Equity)

Not applicable.

(Changes to the Scope of Consolidation or Equity Method Affiliates)

(Significant Changes to the Scope of Consolidation)

From the first quarter ended March 31, 2025, TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (hereafter "TMC") is included in the scope of consolidation due to share acquisition (conversion to subsidiary).

(Additional Information)

(About the Employee Stock Ownership Plan (BBT))

(1) Outline of transactions

The Company introduced a performance-linked share-based remuneration plan for the Company's directors (excluding directors who serve as Audit & Supervisory Committee members and those directors who are outside directors) and executive officers (hereinafter, "directors and executives") called the "Board Benefit Trust (BBT)" (hereinafter, the "BBT"). The BBT is introduced for the purpose of further clarifying the linkage between remuneration and the Company's business performance and stock value to make directors and executives share not only the benefits of rises in stock prices but also the risks of falls in stock prices with shareholders, and thereby motivating them to contribute to enhancing business performance and boosting corporate value in the medium-to-long term.

The BBT is a performance-linked share-based remuneration plan for the Company's shares to be acquired through a trust by using monies contributed by the Company as the source of funds, and for the Company's shares and monies equivalent to the amount of the Company's shares converted into market value (hereinafter, "the company shares") to be awarded through the trust to directors and executives in accordance with the Rules on Share Awards for directors and executives provided by the Company. The timing that Company Shares are awarded to directors and executives shall be upon their retirement from office as a rule.

(2) Shares of the Company Remaining in Trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses). The book value and number of these treasury shares for the first quarter-end in 2025 and at the end of fiscal year 2024 amounted to 138,084 thousand yen and 98,217 shares.

(3) Method for Accounting Treatment

The gross method is applied in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to employees through trusts (Practical Issues Task Force No. 30, March 26, 2015). Expenses and corresponding provisions are recorded based on the number of points granted to directors and executives in accordance with the regulations.

(About the Employee Stock Ownership Plan (J-ESOP))

(1) Outline of Transactions

The Company introduced the "Employee Stock Ownership Plan" (hereinafter, the "J-ESOP"), an incentive plan for employees of the Company and its domestic subsidiaries (hereinafter, "employees"). The J-ESOP is introduced for the purpose of enhancing the benefit programs for employees and to improve their sense of participation in management.

Under J-ESOP, shares of the Company's stock are provided to employees when they acquire the right to receive these shares in accordance with the company's pre-established rules on share awards.

The Company grants points to employees in accordance with their years of service and other individual contribution levels and grants shares of the Company's stock equivalent to the points granted to those employees who satisfy the requirements to receive benefits. The shares to be provided to employees, including those to be provided in the future, will be acquired by the trust bank using monies placed in trust by the Company in advance, and will be managed separately as trust assets.

(2) Shares of the Company Remaining in Trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses). The book value and the number of these treasury shares amounted to 53,006 thousand yen and 37,700 shares at the end of fiscal year 2024, and 52,865 thousand yen and 37,600 shares at the first quarter ended March 31, 2025.

(3) Method for Accounting Treatment

The gross method is applied in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees Through Trusts (Practical Issues Task Force No. 30, March 26, 2015). Expenses and corresponding provisions are recorded based on the number of points granted to employees in accordance with the regulations.

(Items of Note Related to Quarterly Consolidated Cash Flow Statement)

The quarterly consolidated cash flow statement for the cumulative first quarter ended March 31, 2025, has not been made. Depreciation expenses (including expenses related to intangible assets other than goodwill) and amortization of goodwill for the cumulative first quarter ended March 31, 2025, are as follows.

	First Quarter Ended March 31, 2024	First Quarter Ended March 31, 2025
Depreciation expenses	134,679 thousand yen	336,041 thousand yen
Amortization of goodwill	—	35,176 thousand yen

(Items of Note on Segment Information)

[Segment Information]

I Consolidated statements of income for the previous cumulative first quarter ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

The information is omitted because the Group has a single segment, the nursing and medical care related business.

II Consolidated statements of income for the current cumulative first quarter ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

With our group's core business being the nursing and medical care related business, the description of other business segments is omitted due to their lack of significance.

(Significant Subsequent Events)

Not applicable.